

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF IOWA

IN RE:

MERCY HOSPITAL, IOWA CITY, IOWA,  
*et al.*,

Debtors.

Chapter 11

Case No. 23-00623 (TJC)

(Jointly Administered)

**OBJECTION OF ALTERA DIGITAL HEALTH INC. TO THE DEBTORS’  
SUPPLEMENTAL NOTICE OF ASSUMPTION AND ASSIGNMENT OF  
EXECUTORY CONTRACTS OR UNEXPIRED LEASES AND CURE COSTS**

Altera Digital Health Inc. (“Altera”), by and through its undersigned counsel, hereby files this objection (this “Objection”) to the *Notice of Assumption and Assignment of Additional Executory Contracts or Unexpired Leases and Cure Costs* [Docket No. 610] (the “Supplemental Cure Notice”)<sup>1</sup> filed by the above-captioned debtors (the “Debtors”). In support of this Objection, Altera respectfully states as follows:

**RELEVANT BACKGROUND**

1. Altera is the successor to Allscripts Healthcare, LLC, which entered into that certain Master Client Agreement (“Master Agreement”), dated March 9, 2021 with Mercy Hospital d/b/a Mercy Iowa City, as well as certain amendments and client orders (collectively, the “Agreement”).

2. On September 20, 2023, the Debtors filed their *Notice of Assumption and Assignment of Executory Contracts or Unexpired Leases and Cure Costs* [Docket No. 265], understating the amount due to Altera pre-petition and not including any amounts due to Altera that arose post-petition. Accordingly, on October 10, 2023, Altera filed its *Objection of Altera*

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<sup>1</sup> Capitalized terms used but not otherwise defined in this Objection shall have the meanings ascribed to them in the Cure Notice and accompanying documents

*Digital Health Inc. to Debtors' Notice of Assumption and Assignment of Executory Contracts or Unexpired Leases and Cure Costs* [Docket No. 327].

3. On December 29, 2023, the Debtors filed the Supplemental Cure Notice, incorrectly understating the amount due to Altera pre-petition as – and reducing it to – \$0. The Supplemental Cure Notice also continued to not include any amounts due to Altera that arose post-petition.

### **OBJECTION**

4. Section 365(b)(1) states that if there has been a default in an executory contract, the debtor may not assume such contract unless, at the time of assumption of such contract or lease, the debtor (i) “cures, or provides adequate assurance that the [debtor] will promptly cure, such default;” (ii) “compensates, or provides adequate assurance that the [debtor] will promptly compensate, a party . . . for any actual pecuniary loss to such party resulting from such default; and (iii) provides adequate assurance of future performance under such contract or lease.”

5. Since the Petition Date, the Debtors have continued to incur obligations to Altera under the Agreement and the Debtors have made certain payments to Altera. The payments made post-petition, however, are less than the total amount due. Altera is in the process of reconciling the post-petition activity to determine the precise amount due, although unpaid amounts continue to accrue.

6. If the Debtors intend to assume the Agreement, the Debtors must pay Altera an amount due, as of the expected closing date (January 31, 2024), of not less than \$11,643,423.56. In addition, at the time of assumption of the Agreement, the Debtors must also pay Altera any and all other amounts due and owing under the Agreement or otherwise, as of the date of assumption. Altera will work with the Debtors and any assignee of the Agreement to liquidate the post-petition amounts due to Altera as of any designated effective date of the assumption and assignment.

**CONCLUSION**

WHEREFORE, for the reasons set forth herein, Altera respectfully requests that this Court (i) sustain this Objection, (ii) require the Debtors to clarify and correct the Supplemental Cure Notice, (iii) order the Debtors to pay the correct cure amount, and (iv) grant Altera such other and further relief as the Court may deem just and proper.

Dated: January 12, 2024

PAPPAJOHN, SHRIVER, EIDE &  
NIELSEN P.C.

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